

Economic Vitality Update

News from the City of Flagstaff Economic Development Team



Flagstaff Meets Science, Technology & Clean Energy

Eighteen months ago, the City of Flagstaff was presented with a unique opportunity – seek the transfer of more than \$2 million from Northern Arizona University to create an exciting, innovative opportunity for local entrepreneurs—or the community would lose the funding.

That was the beginning of what is now the Northern Arizona Science, Technology and Clean Energy Center. The project is a partnership with the Northern Arizona Council of Governments, and when completed, will serve not only Flagstaff residents, but the entire northern Arizona region.

This Center will soon be certified as a LEED certified building. The Leadership in Energy and Environmental

Design (LEED) Green Building Rating System was developed by the U.S. Green Building Council and provides a suite of standards for environmentally sustainable construction.

The building was designed by local architects, Johnson & Walzer, in cooperation with the Smith Group of Phoenix, and is being constructed by Woodruff Construction of Flagstaff. This 10,000-square-foot facility will open in September and features state-of-the-art wet and dry labs, video conferencing capabilities and flexible office space. The building offers start-up space for small companies, especially those that are engaged in the biosciences and the development of sustainable energy and

systems. More than a dozen start-up companies have already expressed interest in locating in the building.

The building's construction costs of more than \$5 million were funded by the Federal Economic Development Administration and the City of Flagstaff. The Center will greatly assist in northern Arizona's economic development efforts and encourage the community in creating and growing innovative, cutting edge businesses. The Center will be operated by the Northern Arizona Center for Emerging Technologies (NACET), which is also partially funded by the City.



Northern AZ Science, Technology & Clean Energy Center

NACET Executive Director Brings Years of Experience.

Tom Rainey has made a career out of assisting start-ups and entrepreneurs navigate the ins and outs of the business world, from proofs of concept and venture capital, to business plans and government regulations. In his latest role as the President of the Northern Arizona Center for Emerging Technologies (NACET), Tom's experience will provide valuable guidance and resources for Flagstaff entrepreneurs. Having held previous positions at business incubators in St. Louis, Florida/NASA and Vermont, Tom has been instrumental in putting communities on the map as hubs for entrepreneurial thinking and attracting new businesses.

In his position at NACET, Tom works in collaboration with the City of Flagstaff, the Northern Arizona Council of Governments, Northern Arizona University and many representatives from the business community to offer hands-on consulting to high-tech, science and renewable energy firms. The economic success of most communities is based on their ability to grow, retain and expand entrepreneurial ventures, and the creation of NACET is the key to this success for Flagstaff.

The centerpiece of Tom's activities at NACET will be the new Northern Arizona Science, Technology and Clean Energy Center, an incubator facility scheduled to open on McMillan Mesa in Fall 2008. In addition to working with clients on a "virtual" basis, NACET will now be able to provide entrepreneurs the ability to rent flexible, affordable office and lab space. This will give new businesses the opportunity to "test the waters" and develop viable business plans before moving into their own space. The City's Economic Development team works closely with Tom and his clients at NACET to create an environment that will nurture success and motivate businesses to stay in Flagstaff.



Tom Rainey

City Manager's Corner



Kevin Burke

On behalf of the City of Flagstaff, I would like to present you with this Economic Vitality update.

There are a large number of programs and projects underway in our community that will help solidify Flagstaff as the research, employment, and retail hub for the northern Arizona region.

Sales tax is one of the City's most important revenue sources. Because of projects like the Mall Expansion, the Flagstaff Auto Park and Aspen Place at the Sawmill, it is likely that we will see revenues remain stable for the next several years. According to our analysis, Flagstaff has been losing more than \$500 million in retail sales leakage per year to places like Prescott and Phoenix. By increasing the selection of retail choices available locally, we are keeping these sales in our community, creating jobs and providing the City with revenue to provide core services like Police and Fire protection. A good example of capturing that leakage is adding three new brands to the market at the Auto Park: Mazda, VW and Saturn.

Retail and tourism are a critical part of our economy, however, economic stability will depend on greater diversification. Projects like the Northern Arizona Science, Technology and Clean Energy Center will support our local scientific and entrepreneurial community, allowing companies to grow locally. The planned Science and Technology Park on McMillan Mesa will also allow local companies to expand and gives us an opportunity to attract companies that complement existing businesses as well as those that support NAU's core programs.

The City has a number of partnerships underway, including ones with Northern Arizona University and Coconino Community College. These partnerships will help to promote local startups like SenesTech, Inc., a company that could positively impact the world's food supplies. These programs will also be engaging the resources at CCC and NAU to help our local businesses grow by assisting in workforce development, business planning and design engineering for new ideas.

The economic vitality of our community is of vital importance and requires that we all make the best use of partnerships and resource sharing. We are aggressively working to increase job opportunities, median income and revenue generation for the people and businesses of Flagstaff. Please review the information in this report and feel free to contact staff with any questions, comments or suggestions that you may have about our programs.

— Kevin Burke